

25X1

25X1

SIGNAL CENTER USE ONLY

AGE COI ACP TOG TBE

Approved For Release 2005/05/16 : CIA-RDP78S01932A000100150020-0

SCM 0

CLASSIFICATION

MESSAGE HANDLING INDICATOR

CIA \ OCT \ WHIZWH 740808

DATE-TIME GROUP

CITE

MESSAGE REFERENCE NUMBER

SOURCE REF:

1		4		7		10	
2		5		8		11	
3		6		9		12	

25X1

FLD

~~192~~

25X1

ITEM NO: WH-1

DATE: 8 AUGUST 1974

SUBJECT: SAUDI ARABIA--OIL AUCTION

192

THE SUPREME PETROLEUM COUNCIL, SAUDI ARABIA'S SENIOR ADVISORY BODY ON OIL MATTERS, HAS RECOMMENDED AGAINST HOLDING THE LARGE SAUDI OIL AUCTION PROPOSED BY OIL MINISTER YAMANI. THE KING MAY RESOLVE THE ISSUE IN THE NEXT FEW DAYS--OR HE MAY DEFER ANY DECISION, IN EFFECT POSTPONING THE AUCTION INDEFINITELY.

PETROLEUM MINISTER YAMANI HAS TOLD THE US EMBASSY THAT THE COUNCIL WANTS TO SCRAP PLANS FOR THE AUCTION. IT ALSO SUGGESTS HOLDING FOR THE SAME HIGH PRICE KUWAIT IMPOSED IN ITS RECENT AGREEMENT WITH GULF OIL AND BRITISH PETROLEUM, THE TWO MAJOR PRODUCING COMPANIES IN KUWAIT.

YAMANI IS STILL PRESSING FOR THE AUCTION AS A WAY TO BRING PRICES DOWN, AN OBJECTIVE SHARED BY KING FAYSAL. THE COUNCIL'S

TE:

G:

INIT:

EXT:

State Department review completed

25X1

RELEASING OFFICER

COORDINATING OFFICERS

CLASSIFICATION

REPRODUCTION BY OTHER THAN THE ISSUING OFFICE IS PROHIBITED

Approved For Release 2005/05/16 : CIA-RDP78S01932A000100150020-0

IRM

4C

USE PREVIOUS

# OUTGOING MESSAGE

Approved For Release 2005/05/16 : CIA-RDP78S01932A000100150020-0

25X1

SIGNAL CENTER USE ONLY  
AGE COI ACP TOG TPE MRO DCI TRI  
SCM 0 0 0 0 0 0 0 0

[Redacted]

OR

DATE-TIME GROUP

CITE

ILLEGIB

SOURCE REF:

ROUTING	1		4		7		10	
	2		5		8		11	
	3		6		9		12	

ADVICE TO THE CONTRARY WILL FIGURE HEAVILY IN FAYSAL'S DECISION, HOWEVER. PRINCE FAHED, WHO CHAIRS THE COUNCIL, HAS THROWN HIS WEIGHT BEHIND ITS RECOMMENDATION, AND THE KING USUALLY LISTENS TO HIM. FAYSAL IS ALSO AWARE OF STRENUOUS OPPOSITION TO THE SAUDI MOVE BY OTHER MEMBERS OF THE ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES--ESPECIALLY IRAN, KUWAIT, ABU DHABI, AND ALGERIA.

[Redacted]

WHETHER THE AUCTION IS HELD OR NOT, YAMANI DOUBTES THAT THERE WILL BE MUCH OF AN INCREASE IN SAUDI PRODUCTION IN THE FORSEEABLE FUTURE, IN VIEW OF THE GENERALLY HIGH WORLD OIL STOCKS AND THE "SPONGY" OIL MARKET.

{SPECIAL DISTRIBUTION: MEA DIV AND NIO

25X1

25X1

[Redacted]

25X1

[Redacted]